



DESC FAS & Supply Chain Management



Army Petroleum Advisory Conference

**Mr. Michael D. Broderick
Director, Change Management
Defense Energy Support Center
October 30, 2003**



Overview



- **DESC Organizational Structure**
- **DESC & Fuel Supply Chain Management (SCM)**
- **Fuels Automated System (FAS) Components**
- **Capitalization/FAS Deployment...Where we are today**
- **Benefits of Capitalization**
- **Capitalization Eligibility Requirements**
- **Capitalization Process**
- **DESC Support to Capitalized Stock Points**
- **FAS Forward**
- **Feedback and Questions**

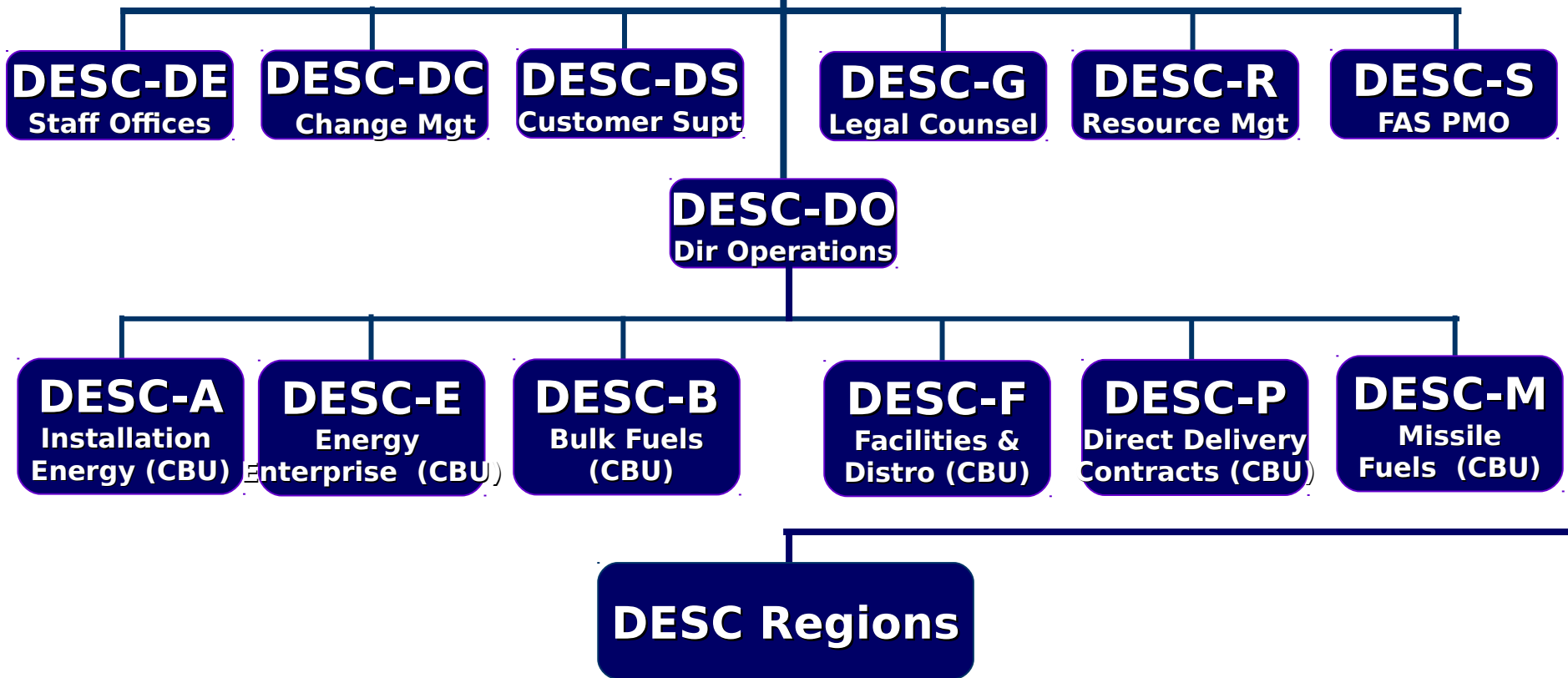


DESC Organizational Structure



Defense Logistics Agency (DLA) Defense Energy Support Center

Defense Energy Support Center (DESC)





DESC Organizational Structure (cont)



Defense Energy Support Center

DESC Regions

**DESC
Americas**
Ft Belvoir VA

Americas East
Houston TX
Americas West
San Pedro CA

**DESC
Pacific**
Camp Smith HI

Middle Pacific
Camp Smith HI
Desc Korea
Teagu
DESC Japan
Yokota
DESC Alaska
Anchorage

**DESC
Europe**
Wiesbaden GE

DESC UK
London UK
DESC Cent Eur
Kiaserslautern GE
DESC Med
Livorno IT
DESC NATO
Shape BE

**DESC
Mid-East**
Bahrain



Evolution of DESC Fuel Supply Chain Management



DESC SCM Background...

- **1973 DoD Directive mandated DLA as single Integrated Material Manager (IMM) for DoD fuel**
 - **Phase I: DLA ownership of bulk stocks in intermediate terminals**
 - **DESC assigned procurement as well as inventory management responsibilities**
- **Phase IIA 1992/93: DESC capitalized most aviation fuels and some ground fuels**
 - **Transferred ownership of fuel inventories from Services to DESC**
- **Phase IIB 2000/04: Completes DESC capitalization of remaining fuel inventories...migrates DESC to retail environment for supported customers**
 - **Capitalization Completed for all Military Services except Army National Guard, Navy Public Works Centers, Carriers, and L-Decks**
 - **Dissolution of Service working capital funds completed**



Evolution of Fuel Supply Chain Management



Defense Energy Support Center

PHASE I

DFAMS
Initialized
Early
1980's

1973 DLA
Ownership
of Stocks in
Intermediate
Terminals

Recognizes need for
continuous business
process improvement

DFAMS-
MOD
Initiative(s)

PHASE II

1991
Directive

PHASE IIA

1993
DLA Ownership
of On-Base
Aviation Fuel

PHASE IIB

2000/2003
DLA Ownership
of Other On-Base Stocks
Phase Out of Service WCF's for Fuel

1Q/FY96
FAS Program
Started (MS-
0)

4Q/FY01
FAS
Program
(MS-3)

1 Oct 02
Began
Phased
Migration
DFAMS To ED

FY06
FAS Full
Production



Fuels Automated System (FAS)



FAS ... A System to Run the business...

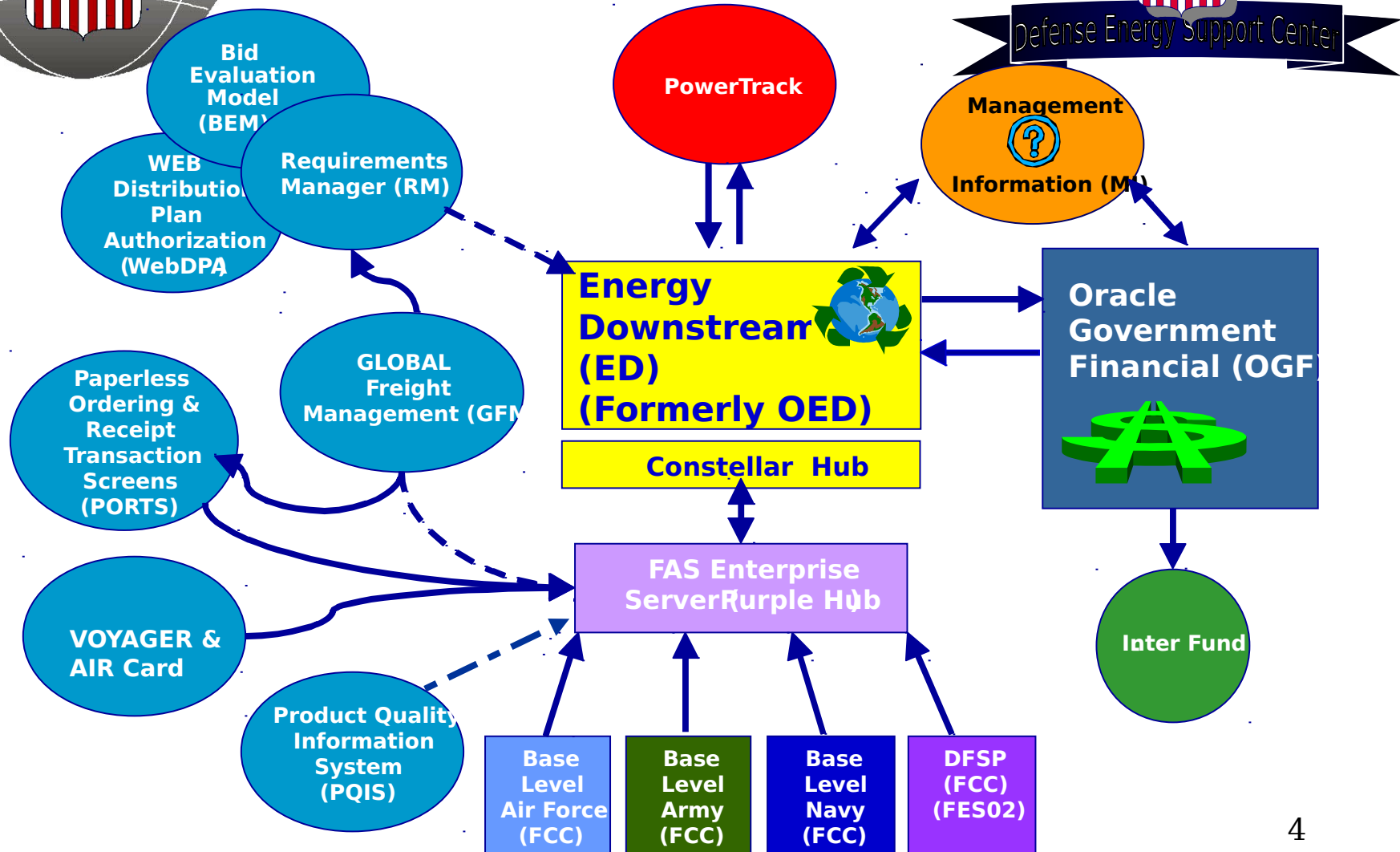
- **Employs new fuel technology systems to improve accuracy and timeliness of fuel transaction processing**
 - **Automatic Data Collection (ADC) for point of sale data capture**
 - **Automatic Tank Gauges (ATG) & automatic leak detection systems**
 - **Automated Fuel Service Station (AFSS) and Mobile AFSS systems**
 - **Personal Data Applications (PDA) for In-flight Refueling & other applications**
- **Integrates COTS financial module in concert with the Defense Finance and Accounting Service (DFAS), the Defense Logistics Agency (DLA), and Military Services (MILSVCS).**
 - **Automated Financial Obligation Feeds**
 - **Electronic Interfund Billing**
- **FAS Enterprise Server data warehouse: provides visibility of fuel inventory, consumption, and financial transactions for inventory**



Fuels Automated System



Overall FAS Components





Fuels Automated System (FAS)



FAS Enterprise Server (FES) - the “Purple Hub”...

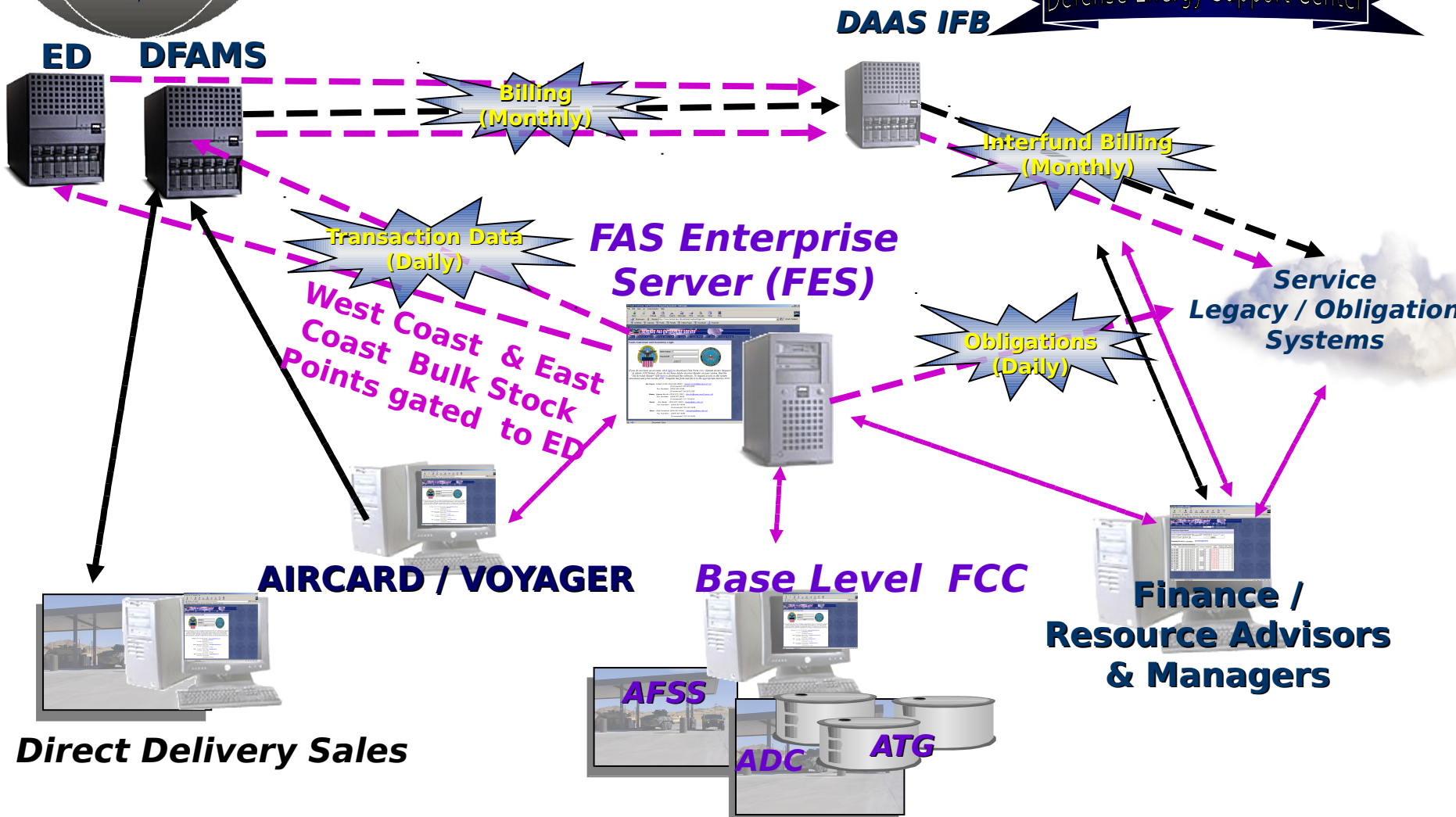
- **Web-based application that allows users to selectively enter, query, display, and calculate fuels accounting information**
- **Collects all fuel-related transactions**
- **Provides detailed inventory visibility**
- **Provides detailed obligation visibility**
- **Reformats for obligation/interfund billing (currently through DFAMS and ED/OGF)**
- **Provides credit card processing...AVCARD for non-contract & “to be” contract into-plane locations; DoD Fleetcard transactions for off-base ground fuel purchases; and “to be” all GSA Voyager transactions for on/off-base ground fuel purchases**



Fuels Automated System



Current Transaction Flow Process...





Fuels Automated System

EST FY 06



Defense Energy Support Center



Billing (Monthly)

DAAS IFB

Interfund Billing (Monthly)

Transaction Data (Daily)

FAS Enterprise Server (FES)

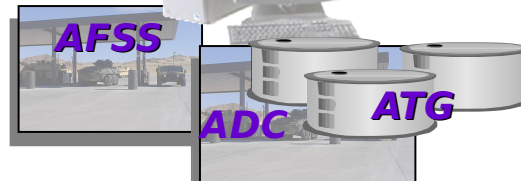
Obligations (Daily)

Service Legacy / Obligation Systems

AIRCARD / VOYAGER

Base Level FCC

Finance / Resource Advisors & Managers





Capitalization / FES Deployment Worldwide



For Over
60 Years

Defense Energy Support Center

Where we are today...

Service	# DoDAACs	Cap / FES Dep Comp	Cap / FES Dep Pending
USAF	207	207	0
Army	214	177	37
Navy/USMC	132	120	12
DESC	104	104	0
Total	657	608	49

NOTE: Capitalization / FES Deployment Pending column represents Army National Guard Sites and Navy Public Works Centers scheduled for Capitalization through August 2010. Navy Carrier and L-Deck inventory capitalization decision pending.



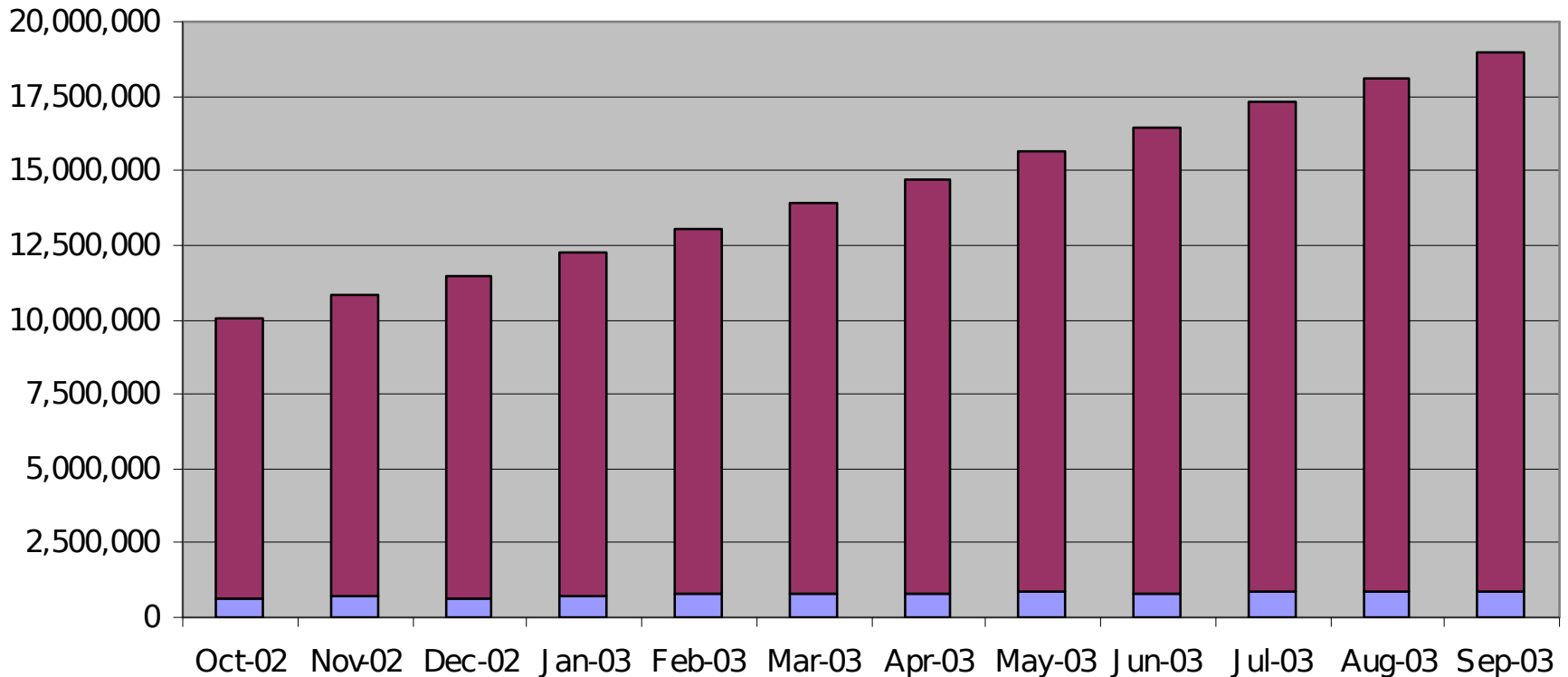
Fuels Automated System (FAS)



Defense Energy Support Center

FES Transactions Processed

Millions



 **Transactions Processed this month**  **Transactions Processed to date**



Capitalization Benefits



Why Capitalize ?

- ***Complies with DESC Executive Agency Mandate...***
 - ***Single integrated material management concept***
 - ***Eliminates need for individual service working capital funds***
- ***Potential cost savings...***
 - ***Automated data capture device reduces labor and improves accuracy of data processing***
 - ***Centralized customer billing by DESC***
 - ***Automated financial obligation feed to service legacy systems***



Capitalization Benefits



Defense Energy Support Center

(continued)

- ***DESC funding for Maintenance, Repair, and Environmental (MR&E) projects***
- ***DESC funding for eligible minor construction projects***
 - ***Upper funding ceiling of \$750K***
 - ***MILCON project prioritization and advocacy***
 - ***DESC fund for installation of AFSS, ATG, and other valid FAS applications/components***
 - ***DESC will train and equip service and contractor personnel to account for inventories and inventory transactions***
 - ***DESC Help Desk...24/7 operation supporting customers worldwide***



Capitalization Eligibility



Defense Energy Support Center

Who/what is eligible ?

- ***Fuel Storage tanks must support more than one billable DoDAAC***
- ***Total storage capacity must be large enough to accept off-load of a minimum delivery quantity—normally 8,000 gallons***
 - ***DESC will evaluate requests to capitalize smaller tanks on a case-by-case basis***
- ***Must be a product that DESC handles...e.g. aviation, ground, ship, and heating fuels***



Capitalization Process



- **Critical Pre-Capitalization Actions...**
 - **Service activity will...**
 - **Identify personnel to be trained for FAS processing**
 - **Submit FES Access Request to Service POC**
 - **Confirm Internet connectivity (LAN, Modem, phone line)**
 - **Submit DD Form 1149 reflecting physical inventory for each grade to be capitalized**
 - **Provide a valid inventory DoDAAC and routing identification code (RIC)**
 - **Provide listing of valid/billable customer DoDAACs**
 - **Coordinate actions necessary to host on-site assistance team**
 - **Base and facility access**
 - **Billeting and transportation support**
 - **Ensure FAS trainee availability-- stock point and**



Capitalization Process



- **DESC will...**
 - **Ship FAS computer(s) to site to be capitalized**
 - **Fund for two persons to attend formal training in Atlanta**
 - **1 or 2-week FAS Operator Course (Stock Point person)**
 - **1-week Manager Course (Financial Customer)**
 - **Fund for 2 persons per site to attend Capitalization and FAS Deployment Orientation Workshop in Alexandria, VA**
 - **Fund for on-site assistance visit to:**
 - **Assist site personnel in resolving any pre-capitalization issues**
 - **Set up FCC database and product ledgers**
 - **Provide over the shoulder training to FAS operators**
 - **Provide FAS training to installation customers**



Capitalization Eligibility



Defense Energy Support Center

Business Rules for capitalized site

- **No financial reimbursement for fuel inventory capitalized by DESC**
 - **Activity may draw down inventory to minimal level required to support their mission prior to capitalization**
- **Service activity must appoint a Responsible Officer for the capitalized inventory to act on behalf of DESC to ensure...**
 - **Safe keeping of DESC inventory and FAS equipment**
 - **Timely reporting of inventory transactions to FAS**
 - **Account ledger reconciliation on monthly**

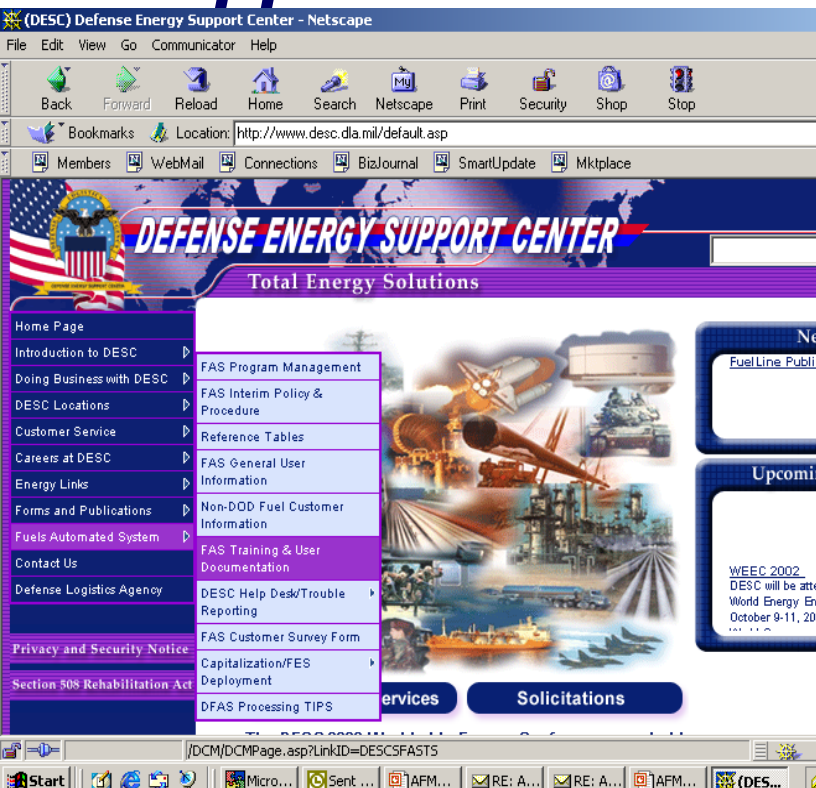


DESC Web Information

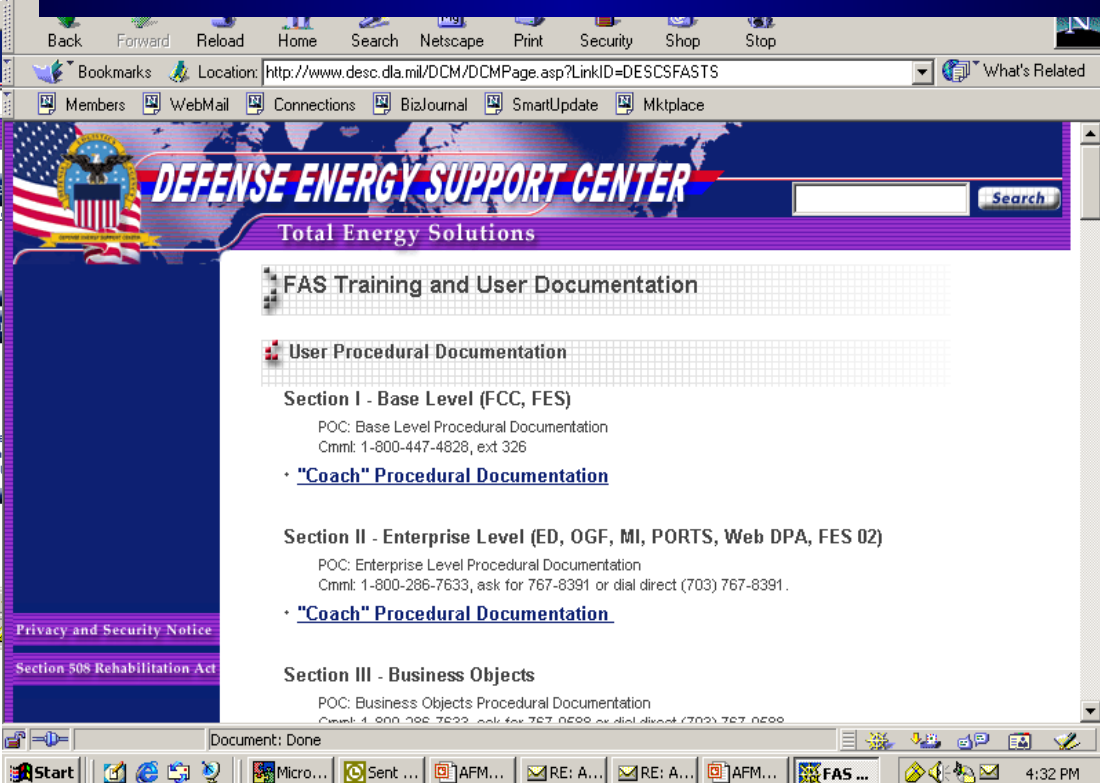


Defense Energy Support Center

FAS application and other assistance - User



Click on FAS Training and User Documentation Link





DESC Help Desk



FAS application and other assistance - Help Desk...

- Requests for help and/or trouble reporting should be directed to the DESC Help Desk

Commercial: (800) 446-4950

DSN: 697-6733/34/35/36/37/38 (not yet a rotary system)

Internet: <http://www.helpdesk.desc.dla.mil/support>

E-Mail: helpdesk@desc.dla.mil

- The DESC Help Desk logs all help/trouble reports

Please do not by-pass the Help Desk - Help Desk tool Support Magic is used to track problem trends, record and promulgate solutions, and develop lessons learned

- FAS Help Structure

Tier 1: DESC Help Desk in Atlanta (24/7 operation)

Tier 2: DESC ASG Triage - routes to appropriate SME or Level 3

Tier 3: Program Developer / Technician



FAS Forward Deployment



Requirements

- ***Meet capitalization eligibility criteria***
- ***Assign Responsible Officer for capitalized investments***
- ***Computer with Internet connectivity to process transactions***
- ***Trained accountant to process transactions***

Challenges

- ***Army Command/Unit level buy in and commitment***
- ***Trained FAS operators at deployed sites***
- ***Accurate transaction data capture***
- ***Internet connectivity***



DESC Supply Change Management Role



Defense Energy Support Center

Questions / Discussion